

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

JLM COUTURE, INC.,

Plaintiff,

-v-

HAYLEY PAIGE GUTMAN and CONRAD LOUIS
CLEVLEN,

Defendants.

CIVIL ACTION NO. 20 Civ. 10575 (LTS) (SLC)

ORDER

SARAH L. CAVE, United States Magistrate Judge.

On October 2, 2023, Plaintiff JLM Couture, Inc. (“JLM”) filed a voluntary petition for bankruptcy under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. (Chapter 11 Voluntary Petition, In re JLM Couture, Inc., No. 23-11659 (Bankr. D. Del. Oct. 2, 2023), ECF No. 1). On October 3, 2023, JLM filed a Suggestion of Bankruptcy in this action. (ECF No. 460). As explained in the Court’s October 5, 2023 Order (ECF No. 461 (the “Order”)), JLM, as debtor, is entitled to an automatic stay of any “action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title” 11 U.S.C. § 362(a)(1). As the Plaintiff in this action, JLM’s claims against Defendants are not automatically stayed under 11 U.S.C. § 362. See Tenas-Reynard v. Palermo Taxi, Inc., No. 14 Civ. 6974 (PGG), 2016 WL 1276451, at *7 (S.D.N.Y. Mar. 30, 2016) (“[t]he automatic stay provision of Section 362 by its terms only stays proceedings against the debtor, and does not address actions brought by the debtor which would inure to the benefit of the bankruptcy estate”) (quotation marks and citations omitted) (emphasis in original). Defendants’ counterclaims against JLM are, however, automatically stayed. See Kittay v.

Landegger, 277 B.R. 181, 215 (Bankr. S.D.N.Y. 2002) (“[t]he automatic stay . . . enjoins the commencement or continuation of lawsuits against the debtor, including counterclaims asserted against the debtor in a lawsuit initiated by the debtor”) (citing Koolik v. Markowitz, 40 F.3d 567, 568 (2d Cir. 1994) (emphasis in original) (per curiam)).

The Order directed the parties to provide their positions on whether the Court should, in its discretion, stay JLM’s claims as well (ECF No. 461), and the parties did so on October 6, 2023 (ECF No. 462). Having reviewed the parties’ positions, is hereby ORDERED that:

1. Defendants’ counterclaims against Plaintiff are STAYED under 11 U.S.C. § 362.
2. By **January 8, 2024**, Plaintiff shall provide a status update to the Court as to its bankruptcy proceeding via letter filed on the docket. Plaintiff shall do so for every 90-day period thereafter until the bankruptcy proceeding is terminated, or unless the Court orders otherwise.
3. Plaintiff’s claims against Defendants are not stayed.

Dated: New York, New York
October 10, 2023

SO ORDERED.



SARAH L. CAVE
United States Magistrate Judge